

Emmis Communications Corporation

Management Commentary for the quarter ended November 30, 2008

Note: This discussion of results for the quarter ended November 30, 2008 is not intended to be a replacement or substitution for Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-Q filed with the SEC on January 9, 2009. Investors should read our Form 10-Q and not solely rely on the discussion that follows.

Note: Certain statements included in this report or in the financial statements contained herein which are not statements of historical fact, including but not limited to those identified with the words “expect,” “should,” “will” or “look” are intended to be, and are, by this Note, identified as “forward-looking statements,” as defined in the Securities and Exchange Act of 1934, as amended. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statement. Such factors include, among others:

- *general economic and business conditions;*
- *fluctuations in the demand for advertising and demand for different types of advertising media;*
- *our ability to service our outstanding debt;*
- *loss of key personnel;*
- *increased competition in our markets and the broadcasting industry;*
- *our ability to attract and secure programming, on-air talent, writers and photographers;*
- *inability to obtain (or to obtain timely) necessary approvals for purchase or sale transactions or to complete the transactions for other reasons generally beyond our control;*
- *increases in the costs of programming, including on-air talent;*
- *inability to grow through suitable acquisitions;*
- *new or changing regulations of the Federal Communications Commission or other governmental agencies;*
- *changes in radio audience measurement methodologies;*
- *competition from new or different technologies;*
- *war, terrorist acts or political instability; and*
- *other factors mentioned in other documents filed by the Company with the Securities and Exchange Commission.*

Emmis does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

Emmis' diluted net loss from continuing operations for the quarter ended November 30, 2008 was \$3.45 per share compared to a loss of \$0.21 per share during the prior fiscal year. The loss in the quarter was the result of an interim impairment review of our intangible assets that resulted in a \$210.2 million pre-tax impairment charge (\$128.0 million after-tax). Excluding this charge, we would have reported diluted net income from continuing operations of \$0.06.

Net revenues for the third fiscal quarter were \$85.1 million, a 6% decrease over the prior period. Our domestic radio net revenues underperformed our markets during the fiscal third quarter. Although our reported domestic radio net revenues decreased 8%, these domestic radio net revenues include (1) certain revenue performance guarantees associated with our national sales representation agreement, (2) revenues of Emmis Interactive and (3) revenues from barter arrangements. Revenues of our domestic radio stations as reported to Miller Kaplan (an independent accounting firm), which exclude these three items, were down 15.4%, whereas Miller Kaplan reported that revenues of our domestic radio markets were down 14.1%. During the third quarter, three of our clusters outperformed their markets: Los Angeles, St. Louis and Austin. Our LA cluster finished the quarter down 17% in a market off 19%. KPWR continued to outperform the market but its share gains were partially offset by continued weakness at KMVN. Our New York stations were down 21% with the NY Market down 15%. Hot 97 and Kiss outperformed the market, however, revenues at our reformatted WRXP in its third quarter of operation are still developing and considerably short of revenues recorded at the former WQCD in last year's third quarter. The Chicago market finished off 8% and our Emmis stations were off 22%.

In the third quarter, national revenues were down 4% compared to markets off 18%. Local revenues were down 21% on markets down 15%. During the third quarter, our largest category was media (television/cable/newspapers), which represented 10% of our radio revenues and was down 21% from the prior year. Our second largest category, automotive, represented 8% of our radio revenues and decreased 34% year over year. The only top 10 categories that saw gains were cellular and beverages (both up 3%). Retail, financial services and movies were all down more than 20%. During the third quarter units sold was down 2% and average unit rate was down 15%.

Excluding any national sales guarantees, our domestic radio stations (as of January 9, 2009) are pacing down roughly 20% for the fiscal quarter ending February 28, 2009.

International radio continued to build on its recent successful results. Net revenues for the third quarter were \$11.3 million, up 26% compared to the prior year and up 24% on a pro forma basis. Our Slovakian operation, Rádio Expres, continues to drive our international growth with revenues up 41%. Revenues at our market-leading Hungarian station, Sláger Rádió, were up 29% during the quarter. Our operations in Bulgaria and Belgium struggled in the quarter, down 13% and 29%, respectively. Approximately two-thirds of the revenue gains for the division in the quarter (which covers the months of July, August and September for our international entities) are attributable to the weakening US dollar. Given the significant strength in the US dollar since the beginning of October and the global economic crisis, we expect the reported results of our international entities to be down double-digits in our fourth quarter.

Pro forma revenues in our Publishing division were \$22.9 million, down 12% during the third quarter. General economic weakness has significantly impacted each of our city/regional magazines. Each of our magazines saw decreases in net revenue during the third quarter. This weakness has intensified in our fourth quarter, with pascings down more than 20% compared to the prior year.

During our second fiscal quarter, we completed the sale of WVUE-TV in New Orleans to Louisiana Media for \$41M in cash. The Company is using a portion of the proceeds from the WVUE-TV sale to fund the TV Proceeds Quarterly Bonus Program. The Program commenced September 1, 2008. Under the program, the Company pays quarterly bonuses to certain employees to offset salary reductions at the Company's subsidiary, Emmis Operating Company. The Program is outlined in the Form 10-Q and has the effect of increasing defined consolidated operating cash flow under Emmis Operating Company's Revolving Credit and Term Loan Agreement.

On the expense side, during the third quarter our pro forma station operating expenses, excluding depreciation, amortization and noncash compensation, decreased 2%. Domestic radio expenses in the third quarter were down 1% as a result of lower revenue-related expenses, and lower health-care claims, partially offset by PPM-related marketing in our largest markets, higher ratings costs and expense growth at Emmis Interactive. We expect Q4 domestic radio expenses to be down high single digits. International radio expenses increased 17% on a pro forma basis in part due to the weakening dollar along with increased expenses associated with our fast-growing operations. Publishing expenses were down 11% year over year.

As of November 30, 2008, we had \$422.4 million outstanding under our term loan. Our leverage ratio as defined by our credit agreement was 5.54x (6.50x covenant) and our fixed charge coverage ratio was 1.67x (1.25x covenant). Our weighted average cost of debt at November 30, 2008 was 5.1%.

Our capital spending through the first nine months of the year was \$4.1 million and we anticipate capital expenditures to be approximately \$6 million for fiscal 2009.